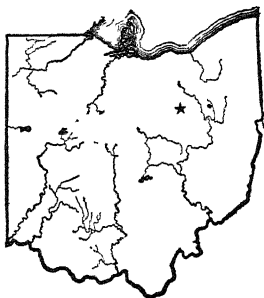


COOPERATIVE LIVESTOCK MARKETING
IN OHIO

OHIO
Agricultural Experiment
Station

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BULLETIN 375



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STATE FORESTS

Athens, Lawrence, Scioto, and Ross Counties

¹In cooperation with the College of Agriculture, Ohio State University, Columbus.

²In cooperation with the U. S. Department of Agriculture.

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BULLETIN

OF THE

Ohio Agricultural Experiment Station

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APRIL, 1924

COOPERATIVE LIVESTOCK MARKETING IN OHIO

B. A. WALLACE*

INTRODUCTION

The object in the preparation of this bulletin is to make a study of cooperation as applied to livestock marketing in Ohio. Our endeavor has been to assemble a body of information which would cover from several viewpoints the operations of a sufficient number of companies to give a real view of methods and results, and then to analyze the data assembled so as to present both a fairly definite picture of what they have done and are doing and also some suggestion of further things they should do.

The methods and the kind of data we plan to use are these:

1. A compilation and analysis of the monthly reports gotten out by the Livestock Department of the Farm Bureau, so as to present a series of graphs showing the rise and fall month by month in volume, shrink, losses, and expenses of operation of all the Ohio companies, and also comparisons of the different companies in these same particulars.

2. A questionnaire on some twenty-five points of business practice formulated by the Department of Rural Economics and sent out to the companies by the Livestock Department of the Farm Bureau.

3. A survey covering weights, losses, and every item of expense on each shipment from eight Ohio counties, thought to be representative.

4. A study of the audits that have been made of Ohio livestock companies—certain data appear in the audits in more detail than can be gotten in equal time in any other way.

The first body of data mentioned above was the first to be prepared, and it was presented at several meetings of livestock interests; a request was made that it be published at once, so it appeared

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August, 1923 in a preliminary circular.¹ These data will not be repeated here except that on page 41 we present some of the graphs brought forward to the fall of 1923. Answers to the questionnaire were received from three-fourths of the companies, handling more than 80 percent of the volume shipped under this plan in Ohio. The statistics from five counties were collected by the U. S. Bureau of Agricultural Economics and those on about an equal volume of business from the other three counties were collected by the writer. Out of some fifty audits available, the data here presented are from some thirty-five, each of which covered a considerable part of 1922.

The late beginning of the cooperative marketing of livestock in Ohio has often been a subject of comment. Cooperation has developed most rapidly, however, where it was needed most. The greater diversification of crops, the sufficient rainfall and absence of severe drouths, the short haul from farm to station, and the transportation facilities by means of good roads and steam and electric railways, have given Ohio farmers an immense advantage over American farmers as a whole. Coupled with this are a large city and village population to furnish excellent local markets and also a nearness to eastern and export markets enjoyed by no other farmers in the great agricultural region west of the Alleghenies.

This fact of the number and nearness of markets applies especially to livestock marketing, as witness Pittsburgh, Buffalo, Cincinnati, and Cleveland, which rank, respectively, 9th, 10th, 11th, and 12th among hog markets of the United States. To these must be added a host of packing plants, as at Columbus, Newark, Marion, and Toledo, and concentration points like Fostoria, which create markets smaller by far than the four mentioned above but, nevertheless, of importance to their respective localities. In fact, it is the competition of these local institutions that has been felt by the four more than their competition with each other. Undoubtedly this favorable situation as to number, nearness, and competition of markets was a large contributor to the fact that, while in 1916 Minnesota had 200 cooperative livestock shipping associations, and there were some 300 in Wisconsin, Nebraska, Iowa, and neighboring states,² at that time, Ohio had one, formed that year, and it was three years before another was formed.³

¹Extension Circular, Vol. VIII, No. 8. College of Agriculture, Ohio State University, Columbus, Ohio.

²Farmers' Bulletin 718, U. S. Department of Agriculture.

³Erdman's Organization among Ohio Farmers, Bul. 342, Ohio Agr. Exp. Sta.

THE BEGINNINGS OF COOPERATIVE LIVESTOCK
SHIPPING IN OHIO

Livestock shipping associations in Ohio began with this one at New Concord in 1916; another was established at Hicksville in 1919, and in the next few months several more were established in the State, mostly in the northwestern counties, adjacent to Indiana and Michigan, where the cooperative movement was developing more rapidly. In 1920 a federation of livestock shipping associations was formed. At about this time the Ohio Farm Bureau Federation was working on plans for cooperative marketing of livestock.

It was recognized that it would be easier to bring about the local organization and to get the locals to functioning together in a central organization if some one type could be followed thruout the State; that Ohio, being as yet almost pioneer territory for this work, gave a peculiar opportunity to develop a one-type organization; and that the fifteen years of experience in neighboring states gave a fund of data upon which to base the choice of type. Hence it was felt wise to devote considerable time and care to this study.

In pursuance of this investigation, representatives of the Ohio Livestock Shippers spent weeks in visiting cooperative livestock organizations in Illinois, Kansas, Nebraska, Minnesota, and Iowa. The latter received special attention, and conferences were held with Dr. Nourse and other students of livestock marketing of that State. Several days were also spent at Winnipeg in a study of the shipping of livestock by the elevators of the United Grain Growers. Local livestock and farm bureau leaders were then called into conference and the problem attacked in the light of the information thus gathered from the experience of other states.

ADOPTION OF A PLAN

It was obvious that it would be difficult, if at all possible, for any central body like the farm bureau livestock department to set up efficiently and promptly the 200 or more locals needed to handle Ohio's livestock. Even if possible it would be expensive, directly in proportion to the number of associations formed, to hold meetings, secure legal advice, pay incorporation fees, and hold directors' meetings. A step soon to follow would naturally be the formation of some state organization thru which the locals could study their common problems and act together where weight of numbers is important, as in legislative and transportation questions. Vastly more important, however, was the fact that the formation of these

local units, while a necessary step, would be only a minor step, a mere beginning, in the marketing of livestock. Any direct marketing, any real merchandising, any feeding of the markets to meet consumer demands, requires central organization, state and ultimately national in scope. To form such an organization for 50 to 70 locals is one thing and to create a really functioning state organization for 200 to 300 locals is a different and vastly more difficult task. When organization was completed and both county and state work under way, the work would be just begun. Would it succeed? Cooperation is no Alladin's lamp to do the impossible. Cooperation succeeds only as it improves on what precedes it. Here too it was felt that with fewer companies, each drawing from a larger territory, each company would have a volume of business warranting a full-time manager, a permanent office open to patrons thruout the business day either to visit in person or to call up for market reports, and a set of business records which would make possible alike an accurate distribution of returns and a proof of patrons that the distribution had been accurate. At the same time the larger volume would reduce the overhead costs per hundred-weight, thus giving larger service at the same cost or equal service at lower cost.

For these and other reasons,⁴ a unit to include several shipping points was recognized as best. The fact that everybody is acquainted with the county as a unit, that the county has an agricultural agent as a local leader, and that the farm bureau has the county unit as a basic part in its organization, led to the acceptance of the county as the area to be included in this larger local unit. It was also recognized that probably in no case do boundaries of a county inclose exactly the areas that ought to market as one unit, so from almost the beginning it has been the rule that any farm bureau member may ship livestock thru the shipping association of his own or any other county.

A plan was at once worked out, a form of articles of incorporation and a set of by-laws were drawn up and an organization was set up in each of several counties in the fall of 1920. By April, 1921 some 20 companies were making monthly reports of their business to the central organization. In that month the organization issued an analysis and summary of these reports. These monthly reports have continued in an unbroken series from that date to the present. The number of companies covered increased from 20 in April, 1921,

⁴For Mr. F. G. Ketner's statement of the advantages of the county-wide plan, see Appendix A.

to 40 in December, 1921, and to 50 in December, 1922. This series of reports gives more complete and more detailed information on cooperative marketing of livestock than is available in any other state so far as the writer knows.⁵

A PICTURE OF THIRTY MONTHS' BUSINESS

The graphs, page 44, drawn from these reports show month by month the changes in volume of business, in expense, and in losses paid from the sinking fund, for all the companies reporting from April, 1921, to September, 1923.

THE COUNTY PLAN

The "county plan" for cooperative marketing of livestock as operated in Ohio has *one* company for the whole county with one board of directors. This board of directors appoints a county manager, who becomes its executive officer in shipping livestock, in handling correspondence, in receiving all "account sales" and checks, in prorating returns to the shippers, and in issuing checks to them. This manager, usually in consultation with the whole board of directors, or at least with any directors living in the respective localities, appoints local or sub-managers to take charge of shipping at such points as he cannot care for personally. The sub-managers by phone or personal visit secure information as to stock ready for shipment, notify shippers when "ready to ship"—i. e., when sufficient stock for one or more cars is available—receive and weigh the stock as brought in from the farm, mark the stock or partition the cars or both, bill out the stock to the commission firm named by the manager and send to the manager duplicates of the weigh slips given the shippers, and of the invoice sent to the commission company. He should send duplicate of freight bill also. From then on, "the manager does the rest". The manager also does these tasks at the one to three points at which he ships. He generally directs, and sometimes assists, his sub-managers in their work; he is expected at least to assist them in "getting started right" and to help them later by correspondence or personal visit if heavy losses, heavy shrink on cars shipped at that point, or complaint of the shippers indicates need therefor.

THE MANAGER

The manager is usually under bond; the directors ought to indicate the bank in which company funds are to be carried; when daily balances are of any size, and they frequently run in figures of

⁵An analysis of these data is presented in Extension Bulletin, No. 8, Vol. VIII, Ohio State University

\$6,000 to \$12,000 or more, the directors frequently get for the company interest on balances at 2 to even 5 percent. The manager's books, including journal, bank records, and shipment envelopes, are open to inspection of any member or patron. The envelope for any shipment contains duplicate weigh slips, duplicate invoice, the account sales, the prorating sheet, often duplicates of the checks issued the shippers, and any correspondence received regarding the shipment. With this information available to any director, member, or even patron, and with audits at least yearly, oftener if the board desires, it would seem that not only the funds but each shipper's business is amply protected.

Usually the manager receives a commission of 8 to 12 cents per hundredweight of stock shipped; on stock shipped by a sub-manager, the latter receives 5 to 7 cents, leaving 3 to 5 cents to the manager for his work. Ohio companies, without exception, deduct 3 to 6 cents per hundredweight as an insurance fund, out of which are paid losses on stock crippled or killed in shipping. This fund should more properly be called a company fund, for out of it various items of general expense are paid.

DETAILS OF ORGANIZATION

While this is the general plan, it must be remembered that each county company is a distinct entity with its own stockholders and board of directors, and with its own articles of incorporation and by-laws. The latter may be amended by the stockholders, from time to time, and even at a meeting of the board of directors, modifications may be made. To get at the principal variations a questionnaire was sent to each manager. Answers were received from 45 of the 61 companies. A summary of these answers follows:

PAYMENT OF MANAGERS

One county, Fayette, pays its manager on a salary and commission basis; one or two other counties have paid a salary; but at the time of reporting, 44 of the 45 counties were on a commission basis.

Of 30 counties which pay a uniform rate on all stock alike,

17 pay 10 cents per cwt.

7 pay 15 cents per cwt.

6 pay 4, 5, 6, 9, 12, 13 cents each, respectively.

Seven counties pay 10 cents on all stock, except cattle, on which the rate is 7 to 9 cents per hundredweight. The remaining seven pay varying rates, somewhat lower than those already given.^a

^aOne pays 8 on cattle and 11 cents on other stock; one 4 on cattle and 7 cents on other stock; one 3 or 4 on cattle and 6 cents on other stock, one 5 or 7 on cattle and 6 to 8 cents on other stock, one 5 on hogs and cattle and 7 cents on calves and sheep; one 10 on hogs and 7 to 10 cents on cattle; one 15 on calves and sheep and one pays 5 to manager and 7 cents to sub-manager on all stock.

The weighted average of rates paid by the 44 counties is 10 cents on hogs, $9\frac{2}{3}$ cents on cattle and 10.4 cents on calves and sheep.

Why should rates vary from 6 to 15 cents? The outstanding feature of the differences is that the rates are higher in eastern than in western Ohio. At least two factors contribute to this, the lower volume of business handled and the greater number of shippers per car. The smaller the amount of business, the higher the rate per hundredweight necessary to get a manager to give his time to it. Again, for example, Fayette, Madison, Champaign, Union, and Greene Counties shipped 2192 cars for 9460 shippers, an average of 4.3 shippers to the car; while Columbiana, Tuscarawas, Holmes, Belmont, and Noble shipped in the same twelve months 349 cars for 5561 shippers, an average of 16 shippers to the car. With nearly four times as many shippers per car, the manager has for each shipment much added work in telephoning and traveling to assemble his car, in loading, marking or partitioning off the stock, and in prorating the load and issuing checks. These points account for the wide variation; minor variations are due to the differing efficiency of managers, bargaining ability of one side or the other, and other elements of the personal equation.

EMPLOYMENT OF SUB-MANAGERS

The reports show that 9 counties do not employ sub-managers and that the 36 others employ a total of 156, or an average of $4\frac{1}{3}$ per company. The sub-managers are paid by the managers in every case on which we have data. Each sub-manager receives on the cars he ships at least half and usually more than half of the commission set aside for the manager; for example, 8 cents out of 13, 7 out of 12, 7 out of 10, and in one case 8 out of 10 cents.

MANAGER'S TRAVEL EXPENSE

The manager must travel a great deal in getting in touch with possible shippers and in "lining up" the shipments in a particular car. The manager himself pays the entire expense of this travel in every county except Perry, in which the company pays this expense from the sinking fund, and Fayette, in which the manager receives salary, auto, and gasoline.

In the counties of eastern Ohio it has been the custom for private buyers to accompany their cars to the terminal markets. The answers on this point indicate that in five counties⁷ the manager of the cooperative company never accompanies the cars to market; in three⁸ he goes to market with each car; in the others,

⁷Delaware, Jackson, Ross, Wayne, and Hocking.

⁸Noble, Ashtabula, and Highland "almost always".

the manager visits the market occasionally. In answer to the question, Who pays the expense for these trips?, 34 counties answered as follows:

THE EXPENSE OF MANAGER'S TRIPS TO MARKET IS PAID

By the manager in	18 counties
By the shippers whose cars are taken to market	6 counties
Out of the company fund as general expense	6 counties
Partly by the manager and partly by the company	4 counties

MARKET REPORTS

Thirty-five companies answered "yes" to the question, "Do you receive market reports regularly"? Others answered "some", "not regularly", "sometimes by radio", "by mail", etc. Of the 35 companies, 9 receive three or more reports daily, and 2 receive two reports daily. In 4 of the cases the commission house furnishes the market report; one company receives it by phone; and 27 pay for the reports at prices varying from \$5 a month for one report to \$27 for three reports, an average of \$12.55 a month for the 27 companies, or slightly over \$150 a year. Three companies let the manager pay for the market information, four county farm bureaus pay for the service, and in the other cases the companies pay for the reports from their sinking funds. Three of the companies pay this expense from miscellaneous income, such as undivided balance, non-member fees, or interest on daily balances, which is practically paying from the sinking fund.

DEDUCTIONS FOR SINKING FUND

The Fayette Producers collect one "company fund" of 15 cents per hundredweight—13 cents on straight cars of cattle of one owner—and out of this pay manager's salary and all expenses and losses. In this instance, a refund, equivalent to 3 cents a hundredweight was made to members who shipped all their stock thru the Fayette Producers.

REPORT OF DEDUCTIONS FOR SINKING FUND

26 companies make	a uniform charge of 5 cents on all stock
3 companies make	a uniform charge of 7 cents on all stock
2 companies make	a uniform charge of 3 cents on all stock
1 company	makes a uniform charge of 2 cents on all stock
10 deduct 4 or 5 cents on all but cattle, on which the rate is	lower
1 deducts 1 cent on cattle and 3 cents on other stock	
1 deducts 6 cents on cattle and 7 on other stock	
Average 4.3 cents on cattle, 5 on hogs and slightly under	
5 on calves and sheep	

GENERAL EXPENSE

Two questions were asked regarding the principal items of general expense and their source of payment. On no part of either question were answers received from all 45 companies. Thirty-one counties reported payments to directors for fees and mileage, averaging \$160 per company. Thirty-two paid an average of \$97 for office supplies. Other supplies (probably the line between office and other supplies was not drawn by all at the same place) as reported by 16 companies averaged \$101 per company. Office rent in several cases costs nothing because rooms were accupied jointly with the farm bureau. Fourteen companies reported paying rent, an average of \$76 per year. Telephone rent was paid by the farm bureau in 10 cases at an average of \$34 a year, and in 20, in which the livestock companies paid it, the average was \$53. Nine companies had heat and light furnished by the farm bureau. Thirteen reported taxes paid to a total of \$286, or \$22 per company. Seven companies stated that the farm bureau secretary or office girl made out the prorating sheet, and they estimated the value of this service at an average of \$90 a year. In all these reports the number of counties has no significance except to show the number of cases from which the average was derived.

USE OF TRANSIT INSURANCE

Every company has its own insurance fund from which losses on stock crippled or killed are paid. Some of the companies have not felt this to be a sufficient protection during their earlier years, before a considerable reserve has been accumulated, and have in addition used commercial insurance on the cars while enroute to market. One company uses transit insurance on shipments to Pittsburgh, its most distant market; another uses it during certain months of the year, and three companies use it on all shipments. When it is used, one company charges the shipment with the usual sinking fund charge, and pays the costs of the transit insurance from the sinking fund. Four companies make the usual deduction for sinking fund and in addition charge to each shipment the costs of the transit insurance on the car—this means, of course, that the shippers are paying for the insurance on their present shipments, and also paying to build up a fund for the protection of future shippers.

CAR EXPENSE

In answer to the question, What is the average car expense? and what the expense on each of several items, reports were received on one or more items from 40 companies. Not all items

would appear in the expense of every car; the average expense per car was reported as \$3. The cost of the respective items with the number of companies contributing to the average was as follows:

AVERAGE CAR EXPENSE

Item	Companies reporting	Average cost per car
Partition	38	\$ 1.17
Feed	10	1.83
Bedding	33	.95
Manager's trips to market	7	13.70 per trip

TRUCKING SERVICE

Since one of the most difficult competitors for the cooperative company to meet is the buyer who goes out with a truck and buys at the farm pen, there is a growing feeling that cooperatives must ultimately furnish this same service. In December, 1923 only two Ohio cooperatives owned trucks. Seven companies report arrangements with some local hauler to bring in the stock of any farmer who desires this service, the farmer paying the charge himself or allowing it to be deducted when his returns are prorated. The amount of this charge and even the way it is determined vary greatly. One reports a charge of 75 cents a head for hauling calves 15 miles or less; three report 40, 50, and 60 cents, respectively, a mile for hauling 30 hogs; two report 20 cents per mile; and one, 20 cents per hundredweight.

COMMENTS SUGGESTED BY THESE DATA

It will seem at first thought that the manager who receives 8 to 12 cents per hundredweight on a volume of three to six million pounds is getting pretty liberal pay, but here, as in so many other places in the business world, "things are not what they seem". For example, a careful estimate of the expenditures out of the commission of a college-trained, efficient manager who received \$4,000 in gross commission in 1921, showed that he received about \$1,500 net for his full time services. Would a board of directors be justified in reducing his commissions a cent or two a hundredweight as soon as he had hustled around and worked up one or two million pounds more business? Yet that is just what a board is tempted to do and often is urged by stockholders to do. Is it not far more important to have an efficient manager than to save a cent a hundredweight on what he is paid?

The importance of the sub-managers to the success of the company is often not realized. In a county shipping any considerable volume and from several different points, the manager cannot care

for the shipping at all these points. Nearly as much care is needed in choosing the sub-manager for an important point as in choosing the manager himself, for the sub-manager has for his point practically every one of the duties of the manager, except prorating and correspondence. Once chosen, the sub-manager should be assisted by the manager in making his first shipments of the various kinds of stock. His record as to losses and shrink should be carefully scrutinized by manager and board, and assistance given by the manager when needed. Occasional meetings should be held by the manager with his sub-managers. At these meetings each presents his special problems and receives the benefit of the combined experience of all. If the sub-manager is to be the local center of information about livestock marketing, the manager, the county agent, and the state association, all must help furnish him the needed information. Certainly he is entitled to a carbon copy of the prorating sheet of each shipment from his point; for how can a sub-manager answer the questions his patrons rightfully expect him to answer if he does not have detailed information about even the stock he ships?

It is the general opinion of the leaders of cooperative livestock shipping in Ohio that managers and patrons alike should visit the terminal markets more often than has been the custom. Only by such visits can one learn the actual condition in which cars of stock arrive at market; how the market grades stock and why; why particular shipments may get abnormally high or low prices; and how best to reduce losses, shrink, and car expense. So "a visit will be appreciated from all managers and producers" is a standing invitation from the commission houses, either cooperative or "old-line". However, the idea of some managers that it is necessary to accompany every load to market is almost uniformly regarded as a mistake and as causing an unwarranted expense to the shippers—unwarranted because it does not result in a corresponding benefit to the shippers. Our suggestions along this line are (1); that the manager make ten or twelve trips each year, distributing them among the principal terminal markets to which his company ships; (2) that on some of these trips he take with him one or more of his sub-managers, and that part at least of the expenses of these trips be paid by the company; and (3) that, if within auto reach of some terminal market, an excursion of twenty or thirty shippers visit the market, so timing the trip as to arrive on a day when considerable stock is moving.

The graph displays monthly precipitation data for three years. The y-axis represents precipitation in inches, ranging from 0 to 30 in increments of 5. The x-axis represents the months of the year, from April (A) to December (D). The data shows significant variability, with a major peak in December 1922 reaching nearly 20 inches. Precipitation is generally higher in the latter half of the year (October-December) compared to the first half (April-June).

Year	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1921	6	7	8	5	5	10	13	10	8	12	14	14	10	8	11	11	15	14	11	7	9
1922	6	7	8	5	5	10	13	10	8	12	14	14	10	8	11	11	15	14	11	7	9
1923	6	7	8	5	5	10	13	10	8	12	14	14	10	8	11	11	15	14	11	7	9

Line graph showing the monthly variation of the number of days with a minimum temperature below 60°F for the years 1921, 1922, and 1923. The Y-axis represents the number of days (60 to 75). The X-axis represents the months (A to D). The graph shows significant fluctuations, with 1921 having the highest values (peaking at 75) and 1923 having the lowest values (peaking at 71).

Month	1921	1922	1923
A	73	72	70
M	72	72	69
J	72	72	69
J	75	75	71
A	73	73	69
S	75	75	70
O	75	75	70
N	75	75	69
D	71	71	68
J	67	67	67
F	66	66	66
M	66	66	66
A	68	68	68
M	67	67	67
J	66	66	66
J	68	68	69
A	69	69	69
S	69	69	69
O	67	67	67
N	69	69	69
D	68	68	68
J	68	68	68
F	71	71	71
M	70	70	70
A	70	70	70
M	69	69	69
J	68	68	68
J	71	71	71
A	70	70	70
S	69	69	69
O	69	69	69
N	69	69	69
D	69	69	69

LOSSES ON STOCK CRIPPLED OR KILLED

AMOUNT PAID FROM INSURANCE FUND IN CENTS PER CWT

1921 1922 1923

Month	Amount Paid (Cents per CWT)
Apr 1921	2.2
May 1921	2.1
Jun 1921	1.4
Jul 1921	2.2
Aug 1921	2.1
Sep 1921	2.4
Oct 1921	2.3
Nov 1921	1.9
Dec 1921	1.8
Jan 1922	3.5
Feb 1922	2.8
Mar 1922	2.7
Apr 1922	3.5
May 1922	3.1
Jun 1922	3.4
Jul 1922	2.3
Aug 1922	3.8
Sep 1922	4.4
Oct 1922	2.6
Nov 1922	2.5
Dec 1922	2.2
Jan 1923	3.2
Feb 1923	3.2
Mar 1923	2.2
Apr 1923	1.8
May 1923	2.5
Jun 1923	3.3
Jul 1923	2.2
Aug 1923	1.5
Sep 1923	2.4
Oct 1923	1.8
Nov 1923	1.2
Dec 1923	1.0

As already pointed out, each company deducts 3 to 7 cents per hundredweight to create a fund—variously called sinking fund, insurance fund, or expense fund—out of which are paid losses on stock and all items of general expense. This fund generally receives additions from undivided balances, non-member fees, interest on daily balances, railway claims collected, etc. Every accountant recognizes that it makes for accuracy and clearness to have some division of this fund, at least to the degree of keeping the insurance fund distinct. The auditing department at present is endeavoring to get the companies to divide (for example) a 5 cent deduction into 4 cents for insurance and 1 cent for expense. To the insurance fund thus created, would be added all amounts collected for railway claims, and from this fund would be paid all losses on stock crippled and killed. To the amount set aside for general expense could be added all miscellaneous income.

As to the insurance fund itself, it will be remembered that of the companies reporting 32 out of 44 were charging the same deduction for insurance fund on all stock alike. Managers and shippers recognize that losses on cattle are negligible as compared with losses on other stock. "It is the cattle that are building up our insurance fund" is a frequent comment. This is all well enough for the insurance fund but not so fair to the shippers of cattle. In three counties of large volume on which the record for 1921 has been figured the losses per hundredweight were respectively 2.6 cents on hogs, 0.6 cent on cattle, 0.8 cent on calves and 1 cent on sheep. These figures are not presented as a basis for any county to use in determining its rates but to illustrate the wide variation in losses among the different classes of stock. It would seem fair that each board of directors should study the record of its company and adopt rates for the various classes somewhat above but in general accord with that experience. The new code of by-laws provides opportunity for this by mentioning specifically the amount set aside for each class of stock.

Distribution of losses for 1922 is shown on p. 54.

A claim frequently advanced in comparing the costs of marketing thru a cooperative company with marketing thru private buyers is that if the items like rent, phone, heat, prorating services, which the county farm bureau often furnishes to the livestock company were included in the cost the saving by means of cooperative marketing would disappear. We must concede some merit to this claim. In the cases in which farmers are paying part of the expense of livestock marketing thru their \$10 fee and then are

representing themselves as paying for marketing expense merely the 65 or 70 cents of actual outlay in shipping, they are deceiving themselves and any who accept the statement on its face. However, the extent of this help from the farm bureau is easily overestimated. Many livestock companies, tho closely affiliated with the farm bureau, are financially independent of it. Let us estimate the difference per hundredweight it does make where the farm bureau is furnishing several of these items. If we assume that half the office girl's time is given to the livestock company (when much more than that is required the livestock company will have its own office girl paid by it or the manager).

THE EXPENSES PAID BY THE FARM BUREAU IN A YEAR MIGHT BE:

Office help (half time)	\$ 600
Rent, heat, light	300
C. N. D. (market news) service	150
Miscellaneous items	150
Total expense	<u>\$1,200</u>

Dividing \$1,200 by the three million pounds annual business of an average company gives 4 cents per hundredweight. In view of the fact that these estimates are decidedly liberal and that in no case does one farm bureau furnish all these items to its livestock company, it is safe to say that the average livestock company could support itself at an added cost of 1 cent to 3 cents per hundredweight and thus avoid criticism on this score. Why not?

DETAILED FIGURES ON SHIPMENTS MADE

Another body of data available for this study is that assembled in cooperation with the U. S. Bureau of Agricultural Economics. For two years detailed data regarding every shipment made by the county-wide companies of several counties have been collected by representatives of the two departments.⁹ A general summary of the volume and values represented in the data collected for 1922 is here presented and with it data on five of the same counties for 1921:

⁹The counties selected were eight in number, and choice was determined mainly on two bases; first, the company must have complete and accurate records; second, the counties selected should together be as representative of Ohio livestock industry as possible. Fayette and Madison southwest of Columbus; Coshocton and Knox to the northeast; Highland, a southern county selling mainly in Cincinnati; and Wood, Columbiana, and Mercer, respectively, at the north, east, and west edges of the State, were selected.

TABLE 1.—STOCK HANDLED BY EIGHT REPRESENTATIVE COMPANIES IN 1922

County	Animals Number	Terminal weight Pounds	Sales value Dollars	Value per cwt. Dollars	Average weight Pounds	Average value per head Dollars
Hogs						
Columbiana	3,959	758,570	79,756.81	10.51	192	20.15
Coshocton	8,970	1,631,630	169,392.92	10.38	182	18.88
Fayette	41,671	8,045,110	796,254.59	9.89	193	19.11
Highland	13,826	2,684,415	258,536.68	9.63	197	18.70
Knox	15,597	2,659,905	272,786.99	10.25	171	17.49
Madison	27,840	5,509,785	541,636.87	9.83	198	19.46
Mercer	19,257	3,664,330	362,689.68	9.90	190	18.83
Wood	4,486	981,445	99,010.21	10.09	218	22.07
Cattle						
Columbiana	601	519,620	21,124.25	4.07	865	35.15
Coshocton	810	797,200	49,339.61	6.19	984	60.91
Fayette	876	798,990	56,882.57	7.12	912	64.93
Highland	764	659,040	43,468.47	6.57	862	56.63
Knox	179	170,180	10,818.61	6.36	951	60.44
Madison	1,402	1,478,620	96,116.55	6.50	1,054	68.56
Mercer	238	215,230	13,254.30	6.16	905	55.58
Wood	2,331	2,558,600	214,024.21	8.37	1,097	71.80
Calves						
Columbiana	2,833	410,090	45,092.74	10.97	145	15.92
Coshocton	1,038	159,300	16,015.06	10.06	153	15.43
Fayette	1,057	183,715	19,309.01	10.51	174	18.27
Highland	619	90,285	9,160.53	10.15	146	14.80
Knox	1,085	176,090	18,000.41	10.24	160	16.59
Madison	437	88,735	8,358.93	9.42	203	19.13
Mercer	1,400	235,680	26,783.70	11.36	168	19.13
Wood	109	17,310	2,079.50	12.01	159	19.08
Sheep						
Columbiana	3,383	214,510	18,888.44	8.80	63	5.58
Coshocton	8,128	563,945	33,887.27	6.01	69	4.17
Fayette	2,690	227,795	24,002.57	10.54	85	8.92
Highland	1,524	111,040	11,218.17	10.19	73	7.36
Knox	10,764	733,755	69,523.90	9.49	68	6.46
Madison	1,838	139,850	16,556.73	11.84	76	9.01
Mercer	976	82,050	9,811.82	11.96	84	10.25
Wood	712	55,050	7,372.54	13.39	77	10.35

TABLE 2.—STOCK HANDLED BY FIVE COMPANIES IN 1921

County	Animals Number	Terminal weight Pounds	Sales value Dollars	Value per cwt. Dollars	Average weight Pounds	Average value per head Dollars
Hogs						
Coshocton	5,590	1,026,200	93,093.00	9.07	184	16.69
Fayette	31,581	6,019,760	555,512.80	9.22	190	17.52
Knox	12,294	2,144,970	198,712.00	9.26	175	16.21
Madison	27,201	5,190,980	467,823.60	9.01	191	17.21
Wood	11,820	2,532,090	237,250.20	9.37	214	20.05
Average.....	88,486	16,914,000	1,552,391.60	9.17	191	17.52
Cattle						
Fayette	303	302,810	22,095.20	7.30	999	72.92
Madison	1,713	1,648,680	124,414.80	7.55	962	72.63
Wood	2,833	3,093,830	255,806.60	8.27	1,092	90.30
Average.	4,849	5,045,320	402,316.60	7.97	1,040	82.88
Calves						
Coshocton.....	196	34,830	3,255.50	9.35	177	16.55
Fayette	356	61,410	6,711.80	10.93	172	18.80
Knox	685	107,570	11,457.70	10.65	157	16.72
Madison	376	78,080	6,642.50	9.79	207	20.27
Wood	256	41,730	4,974.40	11.92	163	19.43
Average.....	1,869	323,620	34,042.00	10.52	173	18.21
Sheep						
Coshocton	3,978	280,910	17,803.30	6.34	71	4.50
Fayette	1,713	141,100	11,009.70	7.80	82	6.40
Knox	7,963	517,190	34,313.90	6.63	65	4.31
Madison.....	2,899	236,560	18,294.00	7.73	81	6.27
Wood.....	1,408	107,720	9,781.40	9.08	76	6.91
Average.....	17,961	1,288,480	91,202.30	7.08	72	5.10

AMOUNT AND DISTRIBUTION OF EXPENSE

The outlay for expenses in marketing this stock falls into three general groups: the expenses at the terminal, railway charges for transportation and feed enroute, and local expenses.

At the terminal the stock is unloaded by the stockyard company and driven to the pens of the commission company to which it is consigned. The stockyard company sends to the commission company a statement of the charges for yardage, feed, and insurance on the stock while in the yards, together with the bill from the railway company for freight and feed enroute. The commission company sells the stock and then submits to the shipper (in the data here presented, the county livestock company) an "account sales", similar to the following:

PRODUCERS COOPERATIVE COMMISSION ASSOCIATION

TELEPHONE: SMITHFIELD 3022

PITTSBURGH, PA., Oct. 29, 1923

SOLD FOR ACCOUNT OF			Madison Livestock Co.		OF	London, Ohio		
SALE NO.———		SHIPPED BY		“		FROM	So. Charleston, Ohio	
Purchaser	Cattle	Hogs	Sheep	Weight	Off Price	Amount	Total	
		60		10,820		7.75	838 55	
		24		5,450		7.75	422 37	
		25	L Yorkers	3,650		7 50	273 75	
		1 R		250		6.50	16 25	
		1 Crip		290		5.50	15.95	Spotted
			10 L	820		13 50	110.70	
			1 S	160		5.00	8.00	Ewe
		111	11	21,440				1,685.57
						Yardage	12.87	
						Fire Insurance	.15	
						Inspection		
R. R. Charges—Freight (including feed on the Road)							64.40	
Freight Charges:								
Weight	Rate	Total	11 bu. Corn			17.60		
23,000	28	64.40	25 lbs. Hay			.44		
						COMMISSION	25.00	120 46
NET PROCEEDS								1,565.11

CHECK TO R. H. Graham, London, O.

The following totals of deductions made on the 35,600,000 pounds shipped by the eight companies in 1922 present a fairly accurate picture of the relative importance of these expenses¹⁰ to Ohio shippers of livestock:

¹⁰It may be worth noting in attacking the next problem in cooperative livestock marketing that few of these items of expense can be directly lessened thru cooperation. Some savings can probably be returned from commission and quite likely feed can be more efficiently used than in the past. The various yard charges will be affected, if at all, thru the packers and stockyards, commission, and freight charges can be reached only thru legislation and the Interstate Commerce Commission.

TOTAL DEDUCTIONS FOR FREIGHT AND TERMINAL CHARGES

Commission	\$ 37,053.14
Yardage	21,018.42
Insurance	283.03
Feed	22,323.07
Miscellaneous items	77.15
Total terminal charges	\$ 80,754.81
Freight	\$102,295.03
Feed enroute ¹¹	456.77
Switching	65.50
Total railway charges	\$102,817.30

LOCAL EXPENSES ON THESE SHIPMENTS¹²

Manager's commission	\$33,232.34
Sinking fund ¹³	17,382.50
Feed and bedding	2,270.15
Miscellaneous ¹⁴	1,113.85
	\$53,998.84

Just what these figures mean to the shipper will be more easily seen in the following table and another on page 51, presenting them on the hundredweight basis.

SUMMARY OF EXPENSES

	Totals	Per hundredweight
Terminal expenses	\$ 80,754.81	\$0.227
Railway charges	102,817.30	0.289
Local expenses	53,998.84	0.152
Total	\$237,570.95	\$0.668

EXPENSE IN SHIPPING HOGS FROM THE RESPECTIVE COUNTIES

Nearly 26,000,000 pounds of this total consisted of hogs. A more accurate statement of outlays in getting hogs from the local stockyard into the hands of the packer's buyer is presented in the following analysis. The sales value given is the averages per hundredweight which the 25,800,000 pounds of hogs sold by these eight companies brought at the terminal market. Deductions for expense could not be figured accurately on mixed shipments, hence the figures given for expense are averages for the slightly more than 6,000,000 pounds sold by the same counties in straight shipments of hogs.

¹¹The only one of these eight counties to have its stock often unloaded and fed enroute is Mercer; its shippers paid \$315 of the above total.

¹²It will be remembered that the Fayette Producers' Company charges one "company fund" of 15 cents a hundredweight, and all that appears on its books as sinking fund is the small "undivided balances" remaining on the different shipments. As its income is used similarly to that of other companies, for the figures above we have apportioned that company's total income from livestock to these different expenses in the proportion shown by the experience of the other companies.

¹³The audits of eight southwestern Ohio counties show \$2,250 added to reserves and \$1,050 worth of equipment bought, or a total of more than \$400 per company, saved out of the local expenses indicated above. Likewise the audits from 15 eastern Ohio counties show net additions to reserve of about \$2,650 and over \$900 added to equipment, a total saving of about \$230 per company to subtract from the total local expenses shown above.

¹⁴Mainly cost of partitions, thru weighing and, in one case, hauling water for stock were considerable items to some companies.

TABLE 3.—EXPENSE AND RETURNS ON 200 POUNDS OF HOG

County	Sales value	Deductions				Net to farmer
		Terminal	Railway	Local	Total	
Columbiana.....	\$21.02	\$0.43	\$0.54	\$0.66	\$1.63	\$19.93
Coshocton.....	20.76	.48	.52	.31	1.31	19.45
Fayette.....	19.78	.41	.54	.31	1.26	18.52
Highland.....	19.26	.42	.42	.17	1.01	18.25
Knox.....	20.50	.48	.66	.28	1.42	19.08
Madison.....	19.66	.43	.59	.22	1.24	18.42
Mercer.....	19.68	.46	.80	.35	1.61	18.07
Wood.....	21.18	.39	.53	.29	1.21	18.97
Average.....	19.90	.43	.59	.27	1.29	18.61

DETAILED DISTRIBUTION OF EXPENSE ON HOGS

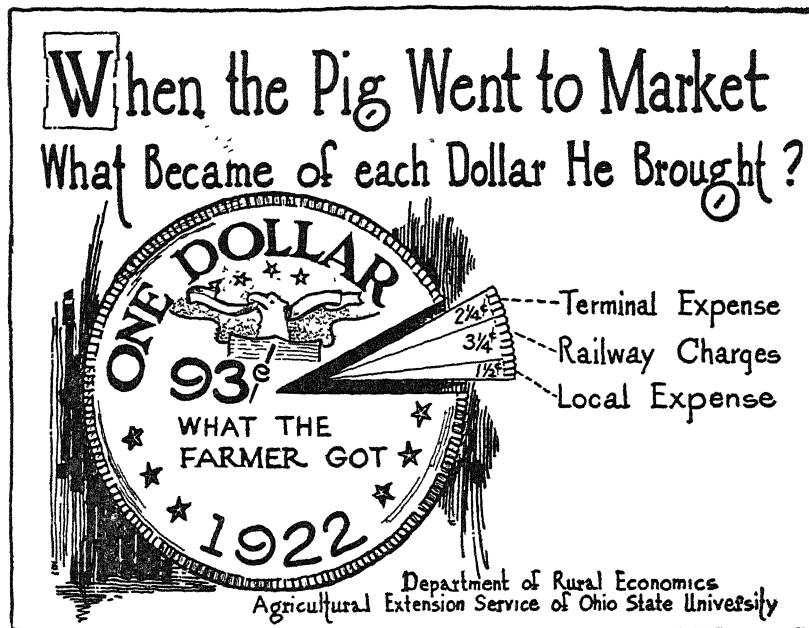
An analysis of this outlay item by item averaged per hundred-weight for the 6,000,000 pounds sold in straight cars is as follows:

EXPENSE PER HUNDREDWEIGHT ON HOGS

Terminal expenses			
Commission	\$0.095		
Yardage	0.055		
Feed	0.065		\$0.215
Railway charges			
Freight			0.295
Feed enroute			
Local charges			
Manager's commission	0.085		
Sinking fund	0.04		
Miscellaneous	0.01		0.135
Total deductions ¹⁵			0.645

Another point from which to view the outlay is to consider what part of each dollar the stock sells for gets back to the producer. This in the case of the straight cars of hogs shipped thru these eight companies, is presented in this page from a State Fair folder:

¹⁵It is not accurate to compare this 64½ cents of outlay with the margin of the private shipper who buys on home weights. The shrink for these counties (see p 53) averaged 2.3 pounds per hundredweight, worth roughly 23 cents. Adding this to the 64½ cents we get 87½ cents as the shipping margin for these eight counties in 1922. The average shrink for all the cooperative companies of the State was 2.85 pounds per hundredweight, raising the margin to 93 cents for Ohio cooperative livestock companies as a whole.



The same method of analysis may be carried a step further. Remembering that the commission house after sale of the stock sends to the local company an "account sales" with a check for the "net returns", what portion of the "net returns" is paid to the shippers and what is retained for the shipping company's expense are shown in the following table:

PORTION OF THE NET RETURNS PAID TO THE FARMER

	Net returns	Paid to shippers	Paid to shippers Percent
Northwestern Ohio	\$3,285,137.43	\$3,235,556.85	98.5
Southwestern Ohio	3,795,740.62	3,747,488.83	98.7
Eastern Ohio	1,812,568.71	1,775,525.77	97.9

\$8,893,446.76 \$8,758,571.45 98.4

COST OF MANAGER

Northwestern Ohio	69.4 percent of 1.5 cents=1.04 cents out of the dollar
Southwestern Ohio	69.1 percent of 1.3 cents=.90 cent out of the dollar
Eastern Ohio	64.1 percent of 2.1 cents=1.34 cents out of the dollar

THE SHRINK BETWEEN HOME WEIGHTS AND TERMINAL WEIGHTS

One of the costs of marketing livestock which was absorbed in the margin between what the local buyer paid per hundredweight and what he received at the terminal was the shrinkage in weights. An earlier publication¹⁶ presents data on the experience of Ohio

¹⁶Extension Circular, No. 8, Vol. VIII, Figures 6 and 7.

cooperatives in this particular as shown by the Livestock Association Monthly Reports. The shrink per hundredweight on the different classes of stock by the eight cooperatives in this study is as follows:¹⁷

TABLE 4.—SHRINK ON LIVESTOCK IN POUNDS
PER HUNDREDWEIGHT

County	Cattle			Calves		
	Home weight	Terminal weight	Shrink	Home weight	Terminal weight	Shrink
Columbiana.....	553,728	519,620	6.1	437,574	410,090	6.0
Coshocton.....	830,745	797,200	4.0	170,330	159,300	6.4
Fayette.....	821,500	798,990	2.7	193,640	183,715	5.1
Highland.....	673,360	659,040	2.1	94,900	90,285	4.9
Knox.....	178,025	170,180	4.4	183,990	173,130	5.9
Madison.....	1,338,305	1,283,100	4.1	99,835	95,965	3.9
Mercer.....	227,810	215,230	5.5	253,535	235,680	7.0
Wood.....	1,880,830	1,839,990	2.2	18,595	17,310	7.0
Total.....	6,504,403	6,283,350	3.4	1,452,399	1,365,475	6.0

County	Sheep			Hogs		
	Home weight	Terminal weight	Shrink	Home weight	Terminal weight	Shrink
Columbiana.....	233,168	214,510	8.0	797,038	758,560	4.8
Coshocton.....	603,065	563,945	6.4	1,688,790	1,632,010	3.4
Fayette.....	245,415	227,792	7.2	8,216,120	8,045,110	2.1
Highland.....	120,345	111,040	7.7	2,659,737	2,634,405	1.0
Knox.....	775,780	723,155	6.8	2,747,369	2,659,915	3.2
Madison.....	148,980	139,850	6.6	5,572,290	5,481,825	1.6
Mercer.....	92,865	83,050	10.5	3,723,005	3,620,360	2.8
Wood.....	59,730	55,050	7.8	1,010,245	981,445	2.8
Total.....	2,279,345	2,118,395	7.0	26,416,594	25,813,630	2.3

LOSSES ON STOCK CRIPPLED OR KILLED IN TRANSIT

Reference has already been made to the fund maintained by each company from which to meet losses due to injury or death of stock after it is received by the company. When stock is weighed in by the manager or his representative, unless some animal is noticeably not in good condition and hence is accepted at the owner's risk, any loss by death or injury is made up from this fund, and ordinarily the patron is not even informed of the loss on his stock. For example, if a hog weighing, say 210 pounds, is crippled while in the local yards or at any time thereafter and before its sale at the

¹⁷It will be noted that the totals in some of the tables in this bulletin do not correspond exactly with the totals for the same data in some other table; this is due in part to the fact that an obscurity in our copy of some item regarding some shipment sometimes made it necessary to throw out that item from a particular table, altho the items needed for another purpose might be perfectly clear, and in part to errors,—errors so small, however, as not to be worth while to hunt down.

terminal, and a reduction of possibly \$2 a hundredweight in sale price results, \$4.20 is added from the insurance fund to the net proceeds of the car before the distribution of the proceeds is made.

The losses paid from this fund by the various companies in 1922 on the different kinds of stock appear below:

TABLE 5.—LOSSES PAID ON STOCK AND AVERAGE PER HUNDREDWEIGHT

County	Cattle	Calves	Sheep	Hogs	Total	Per cwt.
Columbiana.....		\$73.20	60.63	\$592.16	\$725.99	\$0.038
Coshocton.....		12.95	116.05	628.86	757.86	.020
Fayette.....	\$25.70	16.55	29.36	1,785.61	1,857.22	.020
Highland.....			18.35	148.28	166.63	.005
Knox.....		15.26	84.93	1,540.65	1,640.84	.041
Madison.....	27.40		80.68	1,425.42	1,533.50	.021
Mercer.....	10.76	31.57	139.37	1,942.11	2,123.81	.050
Wood.....	29.85		14.75	557.42	602.02	.017
Total.....	93.71	149.53	544.12	8,620.51	9,407.87	

The losses on cattle vary from zero to a half cent per hundredweight for the respective companies, with an average of about one-seventh of a cent; on calves from zero to 1.8 cents per hundredweight, with an average of 1.1 cents; on sheep from 1.1 to 15 cents per hundredweight, with an average of 2.5 cents; on hogs from 2.2 for Fayette to 7.8 cents for Columbiana, with an average for the eight counties of 3.3 cents per hundredweight.¹⁸ The general average on all stock varies as shown in Table 5 from 1/2 cent for Highland County to 5 cents for Mercer. To judge from these two counties alone one would say distance shipped is a very large factor in losses, but when we note Knox and Coshocton Counties, near neighbors and both shipping to the same market, with losses of 4.1 cents and 2 cents, respectively, it is evident that other factors enter.¹⁹

Mr. S. L. Starkey has presented a figure¹⁹ showing a close inverse correlation between the expense of shipping and the proportion of straight floors, that is, floors consisting of only one kind of stock. There has been a general opinion too that differences exist between straight and mixed floors as to losses and shrink, and that whether stock is shipped in singles or doubles is also a factor.

A comparison of shrink on straight and mixed cars of hogs and cattle shows the following results:

¹⁸The three counties referred to on p. 57 with losses for 1921 of .6 cent on cattle, .8 cent on calves, .1 cent on sheep, and 2.6 cents on hogs, averaged in 1922 .3 cent on cattle, .6 cent on calves, 2.9 cents on sheep, and 2.6 cents on hogs. This seems to show clearly that one-year's experience is not sufficient basis for a final determination of rates, but the data for the two years seems to warrant giving calves and cattle a considerably lower insurance deduction than sheep and hogs.

¹⁹Extension Circular No. 8, Vol. VIII, "Cooperative Marketing of Livestock", Ohio State University.

TABLE 6.—SHRINK ON HOGS AND CATTLE FOR 1922,
IN POUNDS PER HUNDREDWEIGHT

County	Hogs		Cattle	
	All shipments	Straight cars	All shipments	Straight cars
Columbiana.....	4.8	4.5	6.1	3.5
Coshocton.....	3.4	3.4	4.0	3.7
Fayette.....	2.1	1.5	2.7	3.1
Highland.....	1.0	1.5	2.1	2.3
Knox.....	3.2	3.8	4.4	5.7
Madison.....	1.6	1.7	4.1	4.3
Mercer.....	2.8	2.7	5.5	5.0
Wood.....	2.8	2.8	2.2	2.1
Weighted average.....	2.3	2.15	3.4	3.2

Calves are seldom shipped in straight cars, so data on this point are not available. Few of the counties in our study shipped sufficient sheep in straight cars to make a worth while comparison. Coshocton shipped about 200,000 pounds, in straight cars with a shrink of 4.4 pounds to the hundredweight as compared with 6.4 pounds for all its shipments of sheep; Knox shipped 115,000 pounds in straight cars, with a shrink of 6.1 pounds as against 6.8 on all shipments, but these are not sufficient data from which to generalize with much safety.

For purposes of comparison we present the figures on shrink in pounds per hundredweight as found by the U. S. Bureau of Agricultural Economics for several of these counties in 1921:

TABLE 7.—SHRINK FOR 1921, IN POUNDS PER HUNDREDWEIGHT
U. S. BUREAU AGRICULTURAL ECONOMICS

County	Hogs			Cattle		
	Mixed	Straight	All shipments	Mixed	Straight	All shipments
Coshocton.....	3.68	3.62	3.65	.....	.....	.....
Fayette.....	2.09	1.66	1.87	2.80	3.54	3.39
Knox.....	3.88	3.50	3.80	.....	.....	.....
Madison.....	2.81	2.85	2.83	3.85	3.71	3.73
Wood.....	2.74	3.04	2.93	2.67	2.08	2.11

A comparison of these with the 1922 figures shows in most cases some reduction in shrink in 1922 as compared with 1921, the figures for the two years agree in showing in general some reduction in shrink on hogs in straight cars as compared with mixed, while in case of cattle the results are so evenly divided as to fail to indicate anything.

The advantage of straight cars over mixed shipments as to shrink does not appear so great in these data as many would expect. Some other facts on this point will appear in the study of double decked cars in comparison with single cars. In passing we might note that the average shrink on all shipments for these eight counties was considerably below that of the State as a whole. On hogs the shrink was 2.3 pounds per hundredweight for the eight counties, as against 2.85 pounds for the State; on cattle, 3.4 as against 3.8 pounds; and on sheep 7 as against 7.4 pounds. This low shrink on all shipments leaves less to be saved by the use of straight cars. The figures for 1921 collected by the U. S. Bureau of Agricultural Economics on eight Ohio counties (including the five mentioned in this study) showed straight shipments comparing with all shipments as follows; hogs, 2.55 against 2.87 pounds per hundredweight; cattle, 2.67 against 2.74 pounds; and sheep, 7.46 against 7.68 pounds. The reader will note that the reduction in shrink in straight cars is greater in hogs and cattle and less in sheep than in our figures for 1922, but in case of every kind of stock except cattle some reduction of shrink is secured by use of straight cars.

When we compare single decked cars of hogs with double decked cars as to shrink, we find the general average for single deck cars to have been 2.3 pounds per hundredweight and for double deck cars 1.7 pounds. In the effort to find to what extent season of the year affected this difference we took the totals in four groups as shown in the accompanying table. The results of this grouping are given in pounds per hundredweight.

SHRINK ON HOGS SHIPPED AT DIFFERENT SEASONS

	January February	March to May	June to September	October to December	Average for year
Shrink on singles	1.2	2.6	3.1	2.1	2.3
Shrink on doubles	1.1	2.0	2.2	1.4	1.7

That is, in every season of the year shrink is heavier on singles than on doubles; for the year, it is nearly a third heavier. This may be due to the minimum allowed to each; the minimum allowed to singles of 16,000 pounds (17,000 pounds in interstate shipments) requires more crowding of cars than does the minimum of 26,000 pounds for doubles.

The shrink of 2.3 pounds on straight singles was exactly the same as the shrink on all hog shipments for the eight counties; which would seem to show that the reduction in straight over mixed shipments was secured by the use of straight doubles.

In examining this somewhat further we figured the shrink on all singles above 18,000 pounds in weight with the following result, for those counties having any reasonable number of them:

SHRINK IN CARS OF DIFFERENT WEIGHTS			
	Heavy singles	All shipments	All straight
Madison	1.9	1.6	1.7
Mercer	3.2	2.8	2.7
Wood	3.3	2.8	2.8

That is, the heavy straight singles showed heavier shrink than all straight cars or than all shipments including mixed shipments.²⁰

LOSSES ON STRAIGHT AND MIXED SHIPMENTS

The comparison of straight with mixed shipments as to losses on stock crippled or killed is least convincing of all, and seems to show that other influences are far more dominant factors in losses than is the question of whether stock of more than one kind occupies the car.

TABLE 8.—LOSSES ON MIXED AND STRAIGHT SHIPMENTS OF HOGS

County	Straight shipments	Mixed shipments
Columbiana	9.5 pounds per cwt.	7.6 pounds per cwt.
Coshocton .....	.3 pounds per cwt.	3.9 pounds per cwt.
Fayette	2.0 pounds per cwt.	2.3 pounds per cwt.
Highland .....	.1 pounds per cwt.	.6 pounds per cwt.
Knox	10.9 pounds per cwt.	5.0 pounds per cwt.
Madison	2.5 pounds per cwt.	2.6 pounds per cwt.
Mercer	6.2 pounds per cwt.	5.1 pounds per cwt.
Wood	5.1 pounds per cwt.	6.3 pounds per cwt.
Weighted average.....	3.5 pounds per cwt.	3.3 pounds per cwt.

It is probably true that the volume of straight shipments in some of the counties was too small to furnish a real measure. The general average of 3.5 pounds per hundredweight is calculated on over 5,000,000 pounds in straight shipments and that of 3.3 on over 20,000,000 pounds in mixed cars. It is worthy of note too that the figures of the U. S. Bureau of Agricultural Economics from eight Ohio companies in 1921, while showing distinctly lower losses paid from the sinking fund than our figures show for 1922, agree with us in showing a slightly higher average loss on straight shipments than on mixed shipments—namely, 2.1 cents per hundredweight on straight cars and 1.9 cents on mixed cars.²¹

²⁰A comparison of light and heavy cars by seasons seems to bear out the same general conclusion tho the data are not in sufficient volume for each season to furnish a basis for definite conclusions.

²¹Heavier losses were paid from the insurance fund in 1922 than in 1921 by the cooperative companies of Ohio as a whole, the average on all classes of stock being 2.1 cents per hundredweight in 1921 and 3.1 cents for 1922.

The data from most counties give little basis for comparing straight singles and straight doubles as to losses, for, since most cars go thru without loss, it must be recognized that the four to six doubles shipped by some counties do not furnish a sample sufficiently large to warrant conclusions. Madison County, with over 30 shipments of straight doubles and nearly 40 of straight singles, shows 0.3 cent per hundredweight higher losses paid on doubles than on singles. Fayette with more than 40 shipments in doubles and 20 in straight singles shows 0.15 cent higher loss paid on doubles.

EXPENSE ON STRAIGHT DOUBLES AND SINGLES

When we come to the study of expense we have no basis for a comparison of straight and mixed cars, as in mixed cars there is no way to analyze several items in the data. The comparison of straight single and double decked cars yields the following results for those counties having any considerable number of doubles to compare with their singles:

TABLE 9.—COMPARISON OF EXPENSES ON SINGLE AND DOUBLE DECKED CARS

County	Singles			Doubles		
	Weight	Expense	Per cwt.	Weight	Expense	Per cwt.
	<i>Pounds</i>	<i>Dollars</i>	<i>Cents</i>	<i>Pounds</i>	<i>Dollars</i>	<i>Cents</i>
Coshocton	113,065	778.12	68.8	55,625	324.02	58.2
Fayette	279,955	1,936.92	69.2	1,212,285	7,815.61	64.5
Highland	252,675	1,406.95	55.6	208,995	976.44	46.7
Knox	293,680	2,147.34	73.1	70,075	451.00	64.4
Madison	483,395	3,209.89	66.4	1,016,085	6,346.39	62.4
Totals	1,422,770	9,479.22	66.6	2,563,065	15,913.46	62.1

Putting together the data on straight singles and doubles of hogs we get the following totals for expense per hundredweight by company and patron combined:

EXPENSES OF SHIPPING HOGS—SINGLES AND DOUBLES, CENTS PER HUNDREDWEIGHT

	Expense	Shrink pounds	value	Insurance	Total
MADISON COUNTY					
Singles	66.4	1.7	15.3	2.2	83.9
Doubles	62.4	1.8	16.2	2.5	81.1
FAYETTE COUNTY					
Singles	69.0	1.9	17.1	1.82	87.92
Doubles	64.5	1.5	13.5	1.97	79.97

The careful reader will probably note that the insurance is paid out of the company's fund to the patron and that our totals are as a

result too high. However, we are not here interested in the totals except as a means of comparison and when the adjustment is made the figures will show approximately 3 cents per hundredweight in favor of doubles in Madison County in 1922 and 8 cents per hundredweight in Fayette County.

DATA TAKEN FROM AUDITS OF SHIPPING ASSOCIATION

In addition to the data already given, we had an opportunity to examine some fifty or more audits of livestock companies. These are made annually or semi-annually, and in addition when a change in managers or other emergency may call for an audit. It was not possible, therefore, to get many audits covering exactly a year. We have selected 9 audits of companies in the southwestern district, 13 from the northwestern district, and 16 from eastern Ohio, each of which covers the operations of a company for several months of 1922. What an audit contains is shown in the following extract from an audit of Wyandot Livestock Company:

"A report of this audit is contained on the following pages and consists of a statement of receipts and disbursements, showing the money received and disbursed by your company during this period. Second, a statement of income and expense showing the gross and net income of your company, third, a financial statement showing your assets and liabilities and net worth as of December 30, 1922. The statement of income and expense shows that you sold during this period, livestock valued at \$878,955.21. Of this amount you paid to your shippers, \$865,787.93, leaving a gross operating margin of \$13,167.28. Of this amount, you paid to the manager as commission \$9,266.04, for local car expense \$1,208.21, to the State Association \$618.76 and for general expense as given under Exhibit A, \$1,610.04."

The meaning of some of these terms is shown a little more clearly in the following extracts from another report:

"You should also not confuse the record of receipts and disbursements with the statement of income and expense. The statement of receipts and disbursements shows simply the money actually received and expended and on hand, while the statement of income and expense shows income and expenses either paid or unpaid. In other words, you may have unpaid expenses which are included under expenses in your income and expense statement but which would not appear in your receipts and disbursements statement inasmuch as it had not been paid. On the other hand, you

might have accrued income in your income and expense statement which would not show as a receipt under your receipts and disbursements statement."

Summaries of the audits from the respective groups appear in Table 10, and with each total the percent which it is of the grand total of local expenses as shown by that group of audits:

TABLE 10.—PRINCIPAL ITEMS OF LOCAL EXPENSE
DISTRICTS OF OHIO COMPARED

Expense Item	S. W. District		N. W. District		Eastern District	
	Amount	Percent	Amount	Percent	Amount	Percent
Manager's commission.....	\$33,025.77	69.1	\$36,494.00	69.4	\$22,977.81	64.1
Local car expense.....	6,343.04	13.3	5,394.29	10.3	6,694.18	18.7
State association dues.....	2,839.28	6.0	2,812.45	5.3	1,287.14	3.6
Director's per diem and expense.....	1,328.80	2.9	2,027.66	3.9	1,405.42	3.8
Yard and office supplies.....	838.65	1.8	991.25	1.9	1,041.24	2.9
Advertising.....	180.05	.4	224.00	.4	130.11	.4
Telephone, postage, and telegraph.....	1,464.99	3.0	1,120.14	2.1	712.38	2.0
Traveling expense.....	213.95	.4	175.05	.3	170.61	.5
Bond premium.....	215.00	.4	.....	.....	.....	.....
Rent.....	315.00	.7	.....	.....	.....	.....
Secretary's time and expense.....	.....	.....	951.03	1.8	.....	.....
Miscellaneous*.....	466.82	2.0	2,302.83	4.6	1,405.13	4.0

*"Miscellaneous" includes in the southwestern area \$340 paid by two companies for bookkeeping work; in the northwestern area \$416 paid by one company for "excess shrink"; (an expedient that sometimes seems to be fair, but is certainly full of dynamite), \$153 of freight charges and \$160 for audits, (this last on expense that becomes unnecessary as the respective companies pay the 1c per hundredweight to the state association and it pays the auditing expense) in the eastern district, \$100 of incorporation fees and about \$65 each for bonds, rent, secretary's expense and an annual meeting in one of the counties.

Before adding our comments regarding the data here shown, we insert several extracts from the auditors' own summaries and suggestions:

A balance in a bank book does not always mean money on hand.

"The 'Analysis of Accounts' and 'Bank Reconciliation' are self-explanatory and need no comment except to advise that you should not be misled by the balance of \$6,947.60 shown by the bank book. The actual balance at close of November 25 is found by deducting from the bank book balance of \$6,947.60 the total of outstanding checks, \$7,594.58, thereby leaving an overdraft of \$646.98.

"It is needless to say that the situation deserves the earnest consideration and cooperation of your Board in order that the business will not continue to operate at a loss."

SHOULD MANAGERS GO TO MARKET WITH EVERY CAR?

"There is one matter which I would like to bring before you for consideration, that is the expense item for car expense, which is very largely due to the practice of your manager going to market with each individual consignment. This practice increases to a

very great extent your local expenses and it is a question whether or not it adds anything to the amount which you receive for your livestock."

THE IMPORTANCE OF GOOD RECORDS

"The work performed by this department can in your case scarcely be called an audit as your company kept no books during this period. The entire week was spent in digging up what records could be found and compiling an analysis of your transactions."

"It was necessary for the auditor to practically rewrite your books inasmuch as during the latter part of this period only the bank account had been kept. It was further noticed that many checks were written and no stub or duplicate kept of them. This is a very bad business practice and should be discontinued. It is recommended that a duplicate check be used, forms of which can be furnished by this office."

"The work of preparing a report which will analyze your business and throw a real clear picture of what has transpired is somewhat handicapped by the system which you are using. Too much emphasis cannot be laid upon the importance of keeping proper and adequate records."

THE ADEQUACY AND DISTRIBUTION OF THE SINKING FUND

"The few shipments which have been made show that your deductions for expense were adequate but would not permit the accumulation of any reserve. You, no doubt, understand that a reserve is a necessary insurance in one of these shipping companies, inasmuch as there is bound to come a time when you meet with rather heavy losses temporarily and will have to have some money to fall back on. I, therefore, bring this to your attention for your action in the future."

"Your Insurance account shows a total deduction of \$1,421.12. Of this amount \$1,062.82 has been paid to shippers for losses; \$331.00 was transferred to Loss and Gain account to take care of general expenses. This suggests the recommendation that at least one cent per hundredweight be credited to "Income" to take care of general expense items and that the balance of your insurance deduction be credited to insurance account."

COMMENTS

1. The eastern counties pay the highest rates for manager's commission; why then a lower percent of local expenses going to managers? Mainly because local car expense is so high as to be nearly a fifth of all local expense.

2. Local car expense is high in the eastern counties primarily because the much larger number of shippers to each car increases expense for partition, weighing, etc., and also because managers in this section oftener go to the terminal market with the stock, thus adding \$10 to \$20 to the expense charged each car.

3. Items like director's per diem and expense, yard and office supplies, are lower in southwestern counties, because they are, in a measure, a fixed expense, and in these counties are distributed over a larger volume.

4. State association dues are low in the eastern counties, because their associations were organized later, and did not until recently become well enough established to feel able to pay this charge. It is expected that these dues will soon be a uniform charge per hundredweight among all Ohio associations.

5. Telephone and telegraph expense is larger in the counties whose associations are best established and go furthest in securing and distributing telegraphic market news.

STATE ORGANIZATION OF LIVESTOCK INTERESTS

As already stated, the need was early felt of a central organization of some type to discuss and study the common problems and to unite the efforts of the livestock interests in those matters in which the weight of numbers is important. The first of the series of meetings resulting in the present Ohio Livestock Shippers' Association was held at the New Southern Hotel, Columbus, March 8 and 9, 1920. At this meeting several local shipping associations, notably New Concord and Hicksville, the two oldest, and several cooperative elevators which were shipping stock from their communities were represented. There were also present several county agricultural agents, representatives of the State Bureau of Markets and of the Ohio Farm Bureau Federation. The resolutions adopted called for the cooperation of all existing farmers' organizations, the adoption of a uniform system of accounts for all livestock associations, and the study of the costs of marketing livestock.

Without going into unnecessary detail we mention some of the high points in the later history of this state organization down to the summer of 1923.

April 9, 1920—A request was made to the Ohio Farm Bureau Federation to provide assistance in the organization of livestock associations. The appointment of Mr. F. G. Ketner to this work soon followed. The Farm Bureau, the State Bureau of Markets, and the Ohio State University cooperated soon after this in a series

of district meetings at eight Ohio points to discuss the problems of livestock marketing. These discussions resulted in the adoption of the county type of organization. Legal advice as to the unsatisfactory nature of the cooperative law of Ohio at the time led to the incorporation of the livestock organizations as "companies" under the old law rather than as associations.

March 8, 1921—First Annual Meeting of the Ohio Federation of Livestock Shippers was held, with a registered attendance of sixty. At this meeting a plan of affiliation with the Ohio Farm Bureau was formulated. It was recommended that each county association pay to the Ohio Federation a fee of 50 cents per car; later this was changed to 1 cent per hundredweight. The fund thus created was to be used partly for the expenses of the State Livestock Association as such, but mainly to employ from the Farm Bureau such services as auditing, transportation, legislative, legal, and certain services in the field, all of which it was believed could be organized and furnished to the commodity groups by some central organization more efficiently and more economically than they could be furnished by the commodity groups themselves. This has worked out in large measure as planned, and a steadily increasing variety of services is being secured thru the Farm Bureau in this way. About this time began the series of monthly reports summarizing and analyzing the business done by the respective county livestock companies. These reports are proving one of the most valuable services performed by any state livestock organization for its member companies.

July 25, 1921—A committee was appointed to study the feeder cattle problem. It purchased for Ohio farmers several cars of western cattle and shipped them into the State at actual cost, the whole plan being worked out by committees of the State Association. Another resolution authorized companies to ship stock for non-members. Discussion of the Producer's Commission Companies at this and several later meetings, finally resulted in crystalizing Ohio sentiment in favor of the demand that the cooperative commission houses should be based on the cooperative companies, and should prorate savings back not to individuals but to the constituent companies.

November 16, 1921—A uniform accounting system for all livestock companies was presented and adopted, the ever present problem of handling stock for non-members was further discussed, and the trucking of stock for patrons was considered.

February 27, 1922—The Second Annual Meeting instructed the directors to present plans for financing commission houses. The plan finally adopted called for the raising of about \$25,000 among the cooperative livestock companies of Ohio, which amount, first proposed for purchase of stock in the commission companies, was later advanced to them in the form of loans.

March 30, 1922—The Association voted not to recognize local associations in counties having a county-wide association.

July 12, 1922—The needs and problems in the shipping of livestock were discussed with members of the Transportation Department of the Farm Bureau and a uniform policy in presentation of claims for damages was adopted.

September 18, 1922—Ohio's directors for the various commission houses were appointed.

April 16, 1923—Several companies were assisted in collecting claims due them from a bankrupt commission company, and money was advanced in the meantime so that patrons could be paid promptly for their stock. The legal department was instructed to proceed at once to work out plans for reincorporation of Ohio livestock companies under the cooperative act of 1923.

June 13, 1923—The Association voted to employ a field man to assist in better correlating the work of the county livestock companies with the State livestock association and the producers' commission companies. In regard to producers' contracts, it was decided to draw them from the individual producer to the county association to the State association and thence to the Producers' Commission Company and the slaughterers.

THE COOPERATIVE COMMISSION COMPANY

It has been recognized that the local and county-wide associations are merely shipping associations; the actual selling of the stock is at the terminal market and by a commission company. On the principal western markets, cooperative commission companies have been operating for several years and have generally made some—often considerable—savings as well as having been able to furnish a service that has been regarded by its patrons as at least equal to the service they had received before. For some three years the livestock interests of Ohio have been looking forward to establishing cooperative commission houses at Ohio's principal terminal markets. A plan was worked out by which the shipping company or farm bureau of each county was to loan to the Ohio Livestock Shippers' Association \$100 to \$800, the amount assigned to each

being determined by volume of livestock in the county, strength of the cooperative company, etc. These amounts totalled approximately \$25,000, and out of this fund, the Ohio Livestock Shippers' Association was to advance as a loan to each producers' commission association established a share of the working capital which it would need. Thus Ohio advanced about one-seventh of the capital needed at East Buffalo, six-sevenths of that for the Cleveland Producers, and about three-fourths that needed at Pittsburgh, the fraction in each case being determined by the share Ohio furnishes of the stock going to that market. Michigan, Indiana, Ohio, and New York interests cooperated in opening the Producers' Commission Association at East Buffalo in November, 1922. In May, 1923, the Cleveland Association was opened; and in September, 1923, the Pittsburgh Producers began receiving stock. These associations have received a patronage of proportions that recommend their continuance, but it is as yet too early in their careers to warrant comparisons or to secure statistical data that warrant any generalizations.

At every one of these commission houses, however, those having to do with the management of the company and with the sale of the livestock have been forcibly, even painfully, impressed with the lack of recognition on the part of shippers and even of many managers of the conditions at the market and the demands of the market. A large share of the manager's time is devoted to dictating letters to explain to shippers, sometimes facts that it would seem ought to be obvious and sometimes facts that require a visit to the market really to understand. In the hope of presenting some of this information to a wider group of persons than can be reached by individual letters we asked permission to examine the correspondence files and to pass on to others points that might help managers and shippers to use the commission companies to the shippers' advantage. In presenting extracts from this correspondence, we wish to state that we have no record nor remembrance as to whom any of these comments were addressed; our only thought is to pass on the suggestion.

INSTRUCTIONS AS TO HOW STOCK SHOULD BE SOLD

Frequently the manager or sub-manager wishing the stock he ships divided or grouped in certain ways as it is sold, writes the commission company to that effect, and then is disappointed to learn his wishes were not carried out. The following extract indicates what is often the reason: "Your letter of instructions as

to how to sell this car arrived after the car was sold, and the letter to you was dictated. A letter arriving in time helps us to carry out your wishes and to avoid mistakes”.

MARKS

As long as it continues necessary to mark stock, it is important that the marks be made in such a way as to be easily identified.

“Our salesman sorted these hogs very carefully but the markings were almost impossible to identify”.

“Marks are often too small; when animals get down and get a coating of dirt on them the marks cannot be distinguished”.

“These animals had to be gone over several times to be sure as to the markings”. It is worthy of note that a system of marking has been worked out by Prof. Morse of the College of Agriculture, Columbia, Missouri and has been adopted by a large number of cooperative marketing organizations, notably the National Producers’ Association. Why not use this system?

THE LOSS BY “SCALE BREAK” ON SMALL LOTS

The ordinary stock scales break in units of 10 pounds so that one gets as the weight of his stock that multiple of 10 which is nearest but below actual weight. This means usually some loss to the shipper, and the larger the number of lots in which a car is weighed up, the larger the number of times the shipper encounters this loss in weight. Shippers of calves often wish their calves weighed individually but experiment has repeatedly shown that a group of 10 calves, for example, shrink far less when weighed together than when weighed individually.

“These lambs were weighed according to marks as you instructed and after so doing we secured the weights as to price and the 17 top lambs weighed 45 pounds more than when weighed according to marks, and the 36 gained 75 pounds. At 13 cents for the 45 pounds and 8 cents for the 75 pounds, there would have been a total gain of \$11.85 by selling them by grade. If your men understand this scale break problem thoroly I believe they will not object to sale by grade”.

QUALITY AND PRICES

Producers at large seem not to realize the importance of quality and its effect on prices.

“The sheep salesman tells me your lambs were carrying very little flesh and the trade is very discriminating against thin stock at this time”.

"Too many cannors and half fat steers coming to this market for the trade to absorb".

"Too many of these half fat green hogs on the market".

"The buyers (Sept. 18) are discriminating against grass hogs".

"You will note in the a/c sales that your calves that brought \$12.50 averaged 150 pounds in weight, those that brought \$9.00 averaged 118 pounds, and those that brought \$7.60 averaged about 100 pounds".

"Eight of these pigs averaged 80 pounds each and the other six slightly over 100 pounds. Ever since our operation on this market it has been difficult for us to get buyers to accept at hog prices anything under 130 pounds".

One manager received the following information from a commission company: "Good fat lambs from 65 pounds up are selling at \$15; light weights are a slow sale at \$10.50 to \$12.00; culls at \$6.50 to \$8.50. Farmers should be discouraged from sending in light weight lambs and thin sheep". A few days later the manager complained at the low price received for a lot of culls averaging 56 pounds in weight. Whose fault?

These quotations regarding quality and price, and especially the last three above, are not inserted with the thought that the relative prices given hold for the different weights at all seasons of the year; they do not. The quotations do bring out the wisdom of the shippers' and especially the managers' keeping in touch with what the market wants at a given season and so far as possible shipping that kind of stock.

THE STRICTNESS OF SORTING

A producer frequently feels sure that a calf, say, which fails to get top price was a better animal than another that did get top price on a different day. He may be right; this often happens. If buyers have orders some day for three-fourths as many animals of a given kind as are on the market, they can and will be strict in throwing out animals which they would be glad to accept if their orders were for more stock of that kind than was on the market that day.

"The 15 calves which we sold at top price were too heavy to demand ordinarily the best figure but owing to the scarcity of calves on the market today the salesman was able to get them over the scales at top price".

"We note your impression that the sort on this load was rather heavy. Of course this all depends on demand. When the demand is good, hogs are not sorted as heavily as when orders are few".

"We got in 18 calves at the top of the market, \$15; 3 heavies brought \$10; 3 rough calves, \$7. This is quite a spread, but they were sold according to kind and quality".

TOO HEAVY FEED BILL

"Car arrived 4:10 A. M. Sunday and got two feeds Sunday and two Monday".

"The load getting 22 bushels of corn arrived too late for the day's sales and had to be held over. The car receiving only 4 bushels would not eat anymore, and we try to put in the pens only what corn they will eat".

"Your load was not unloaded in time to get a fill, so we took it upon ourselves to hold them over to the next day's market".

MISCELLANEOUS

1. "We are responsible for only the number of hogs turned over to us by the railway company".

2. "Your car had two dead hogs in it. The yard man tells me it was bedded with straw and this undoubtedly was responsible for the loss". (Car shipped in midsummer).

3. One county had heavy losses; stockyard employes noted that many of that company's cars came in with partitions broken down. The writer saw a car from that county that came in with one partition still in place; one partition down with calves, sheep, and hogs mixed and a bull, which had gotten his rope untied, loose among them. In this particular case, no losses were apparent; had there been, whose fault but the manager or sub-manager who loaded the car?

4. "Don't load calves and sheep together. Don't load calves in with cattle; it often results in a severe loss. Be careful not to load sick hogs in with good ones; it may cause the entire load to be held up as well as a reduced price for the entire shipment".

SOME FEATURES OF A COMPREHENSIVE SYSTEM OF LIVESTOCK MARKETING

1. ORGANIZATION OF EVERY COUNTY PRODUCING LIVESTOCK

Some 25 counties, mostly those adjacent to large cities where buyer trucks are constantly circulating thru the territory, are as yet, January, 1924, unorganized. It is obvious that it would be not only difficult but uneconomical to organize associations whose prime function would be to ship stock out of such territory. However, organization to assemble and grade to buyers' needs, to bargain collectively, to establish trucking systems, and perform other functions as needed must come in time.

2. LOCAL SALES THRU COOPERATIVES

The purchase of stock for local slaughter is not confined to the big cities. Local purchases are considerable in every county and in the past they have been mainly in competition with the cooperative. Here and there are butchers who say to a cooperative manager: "I dislike to take the time to hunt up and bring in the stock I need. It would be a big relief to me if you could have a list of all available stock and either have what I need brought to me or tell me just where I can get it". Some price agreement would need to be made; some buyers would need to be educated to the economy of the plan; probably this would take no longer than to educate to the plan the bulk of the producers. But any system of marketing an important food product which ignores local sales in a state of 6,000,000 people and with so many cities as ours must fail.

3. TRUCKING

A definite contribution to the solution of both the above problems will be made when every cooperative livestock company has one or more trucks owned or under lease with which it can bring in stock during a busy season, gather up the small lots, which now often are sold to the local buyer simply because he will come after them, run out and get a truck load to make up the minimum weight on a car, deliver stock to the local butcher, etc. One county uses its truck to carry the "out grades" from one point to another bringing back a load of hogs of the grade needed to complete a graded car for direct shipment to a packer.

4. COMMISSION HOUSES

This second step in marketing livestock, the point at which the sale for the producer really takes place, is too important to leave outside the producers' control. Hence there have been established some fifteen or more cooperative commission houses in the United States as a whole, of which three, those at Buffalo, Cleveland, and Pittsburgh, are of major interest to Ohio. With the addition of Cincinnati, Ohio's interests in this line will be pretty well cared for.

5. DIRECT SALES

Altho the commission house in the past has been almost the sole means of sale of the producers' livestock, it is recognized that in many cases there is a decided waste involved in sending stock thru the terminal yards. To send a car of well graded stock to the terminal yard, there to be unloaded, yarded, fed, sold, loaded, transported on a second freight charge is unnecessary. Why not send it direct to the slaughterer, thus saving part of the freight and all of

the terminal expenses except the commission for the sale. Granted that not all of this saving would come to the producer, but much—if producers are well organized most—of it will. This practice will not eliminate the commission houses, for only a limited proportion of cars shipped can go from shipping point with only one grade of stock. Only from the associations having a considerable volume for each month of the year, and a manager who knows grades and lives up to his knowledge, can a system of direct shipments be arranged. The Eastern States Company, a cooperatively owned organization, was recently formed partly to facilitate these direct shipments and partly to assist the cooperative commission houses in securing outlets for the frequent surpluses or gluts occurring in the various markets.

6 PRODUCERS' CONTRACT

In arranging for direct sales a manager is badly handicapped unless he knows approximately what volume he can rely on; even in daily or weekly shipments a load often goes to market "light", because some shipper sold to outside interests instead of living up to his promise to ship. The only answer to this difficulty is the "producers' contract", a contract on the producer's part to deliver all his stock sold for slaughter to his livestock association for sale. This producers' contract, in use by tobacco, cotton, dairy, and numerous other cooperatives, has not as yet, January, 1924, made much headway in the livestock field but many regard it as bound to come ultimately.

7. CORRELATION WITH OTHER STATES

Correlation of Ohio's livestock marketing with that of other states, to the end of reducing "gluts" and "famines" at terminals, of reducing to a minimum the competition of one state's stock with another's, of reducing the average length of freight haul by selling to the local areas first and shipping out the surplus.

8. EDUCATION OF PRODUCERS AND MANAGERS

The largest single function of this central organization will be the collection and dissemination of production and market data on supply, demand, and price; what kind of stock the market demands at various times; export and import figures; handling of stock to reduce losses, shrink, and expense of operation, and other data helpful toward economy or order in marketing.

SUGGESTIONS TO PRODUCERS

1. The best of marketing systems can, in the long run, get only what the buyers who represent consumer demand think the stock is worth. The producer must get away from the idea that his notion of what is the best animal or type governs the market. It may be true that consumers need education as to what to buy and that packer buyers are mistaken at times in their judgment of form and finish, but this does not alter the fact that the packer buyer with his study of dressing percentages and his instructions from his firm based on their need in satisfying their retail trade, is the immediate market to which the producer sells. The producer hence can get best prices only by knowing what types and weights the buyers think they want and what they regard as finish. Regardless of whether the market wants what it ought to want, you get the best prices by selling it what it thinks it wants.

2. Further, *when* the market wants it is important. Study the markets; 60-pound lambs may be tops at one season of the year and several dollars below tops at another. There are fairly regular trends for prices of different kinds and even grades of stock; why not study them so as to put stock on the market at the time of its highest price?

3. A lot that is uniform sells better because of that fact. Further a lot that looks uniform sells better than a lot that is equally uniform in butcher value but of different breed and colors. This means that, to get best price at the market, a producer should use not only good sires and of one breed, but sires from the same general type within the breed. Thus will he get a lot of stock that possesses uniformity in appearance and in dressing percentage and that will finish off more evenly and be ready for market at about the same age.

4. This matter of uniformity applies to the whole car. That manager will get best returns for his shippers who visits the market frequently enough to learn and keep in touch with its standards of grading, and then sends in as much as possible of his county's stock in cars entirely or nearly of one grade. Producers may help him by learning what others have stock of the same grade as theirs, and by arranging for uniform cars.

5. Docking of lambs. A lamb that is undocked and uncastrated never sells as a top; \$2.00 per hundredweight is a conservative estimate of what the producer loses by failure to observe market demands in this particular.

6. Many producers can gain by a study of feeding practices. The grower must come to recognize that it is not home weight but terminal weight that determines what he gets for his stock. So the producers' and manager's aim should be to get the stock to "take a good fill" at the terminal yards; animals that start out stuffed with soft feed run the risk of being sick on the road, with incidentally greater risk of losses, and are less likely to eat well at the end of the journey. It is a frequent comment too that no other thing within the grower's control contributes so much to losses in transit as lack of mineral feeding, resulting in broken limbs and occasional deaths because of getting down.

7. A study of the records of the various companies discloses that many shipping managers are carefully studying losses, shrink, and expense and as a result have reduced shrink by a half pound or more, losses by one-half to one cent, and expense by several cents—a total saving of 5 to 12 cents a hundredweight to the shippers. Shippers must recognize these things, and keep or secure managers of efficiency even at a cost of 1 cent to 3 cents per hundredweight above the figure at which someone else might take the job.

APPENDIX A

Arguments advanced by Mr. F. G. Ketner during the 1921 campaign for organization of livestock shipping on the county wide plan:

ADVANTAGES OF COOPERATIVE MARKETING OF LIVESTOCK

1. Eliminates unfair practices—Filling stock before weighing and favoritism frequently shown by buyers are eliminated.
2. Losses reduced—Shrink and consequently loss from filling reduced. Prestige enables collection of claims now frequently lost to producer.
3. Efficient method of handling—Duplicating, cumbersome, non-systematic efforts replaced with straight-cut, non-duplicating, efficient system. Consequently, co-operative marketing is cheaper than prevailing methods.
4. Reflects grade of livestock—Present marketing plan penalizes producer of quality stock and gives a premium to producer of scrubs. Co-operative marketing justly rewards producer of tops.
5. Farmer retains control of product—Solution of livestock problem necessitates control of stock by farmer in order to direct the movement and proper distribution of stock upon the market.

ADVANTAGES OF COUNTY PLAN OVER LOCAL LIVESTOCK SHIPPING ASSOCIATION

1. Uniformity—Uniform records in county, for commission firms, contracts and insurance.
2. Claims and damage—Large organization gives more prestige in request for yard improvements, etc., and claims with individuals or companies.

3. Operating expense lower—Less duplication in accompanying stock to market, facilities for pro-rating, records, forms, and market reports.
4. Better service by commission company—Probably unconsciously, but none the less certain, is the advantage shown to the heavy shipper.
5. Stronger, safer insurance—A large volume of widely distributed risks affords stronger insurance at a lower rate than risks in a restricted area.
6. Better livestock exchange in county—All communities in county are actively associated and clear thru one office.
7. Higher type man in charge—Sufficient business at reasonable rate to attract a man of high calibre.
8. Interchanging membership—Each member may ship stock at most convenient time from any point in the county instead of being restricted to one shipping point.
9. Shipping by grade—Large volumes of stock flowing thru one channel permits rating in the county and shipping direct to packing house.
10. One man directs movement and sale of livestock in company—Thru the livestock survey the flow of livestock can be regulated more easily by one manager than a number of competing local managers.

APPENDIX B—LEGISLATION

The Ohio Legislature of 1923 passed a new cooperative marketing act variously known under that title and as the Green-Farnsworth Bill, or Senate Bill 266. This act provides for the setting up of organizations of producers with the aim not of making dividends on the investment as such but of performing thru the organization for its members certain services in marketing their products better or more economically than heretofore and thereby securing a higher return for the products. To this end the act makes definite provision for:

An organization in which only producers can be members.

Producer's contracts and liquidated damages as means of enforcing them.

The issuance of bonds or preferred stock, purchase of which by others than producers may contribute capital to the enterprise, without any surrender of control on the part of the producers.

Democratic representation, by making possible the election of directors by districts apportioned on a basis of volume of patronage or number of members.

A central association which may hold membership or stock in local organization, or whose stock may be owned by local or district associations, a provision of importance in the formation of warehousing or other subsidiary associations or of central sales agencies for a group of local or district associations.

Further, "no association organized hereunder shall be deemed a conspiracy in restraint of trade or an illegal monopoly". This, by the way, does not mean that these associations are free to do whatever they wish in the direction of monopoly, but merely that the formation of a cooperative association is no evidence of a conspiracy in restraint of trade; these associations shall be judged by what they do, rather than by what someone thinks they are.

Recognizing these advantages the cooperative livestock groups organized at present as companies, are most of them planning to reorganize under this law, and probably by the time this bulletin is in print several counties will be operating under this new law. With this thought in mind the directors of the State Livestock Association have prepared typical "Articles of Incorporation" and "Code of Regulations" which they are recommending for adoption. The Articles of Incorporation present mostly routine matters like name, place of business, number of directors, and purposes of the association—the purposes are practically as stated in the Act. The Code of Regulations suggested follows:

APPENDIX C

The Ohio Farm Bureau Federation Livestock Marketing Department

Code of Regulations

Of

The _____ Livestock Cooperative Association

Article I

NAME

Section 1. The name of this Association shall be the _____ Livestock Cooperative Association.

Article II

OBJECT

Section 1. The object of this Association shall be to engage in any activity in connection with the grading, handling or marketing of livestock or agricultural products of its members and others, and to do the financing of said operations.

Article III

PLACE OF BUSINESS

Section 1. The principal business of this Association will be transacted at _____, Ohio.

Article IV

MEMBERSHIP

Section 1. Any member in good standing of the _____ County Farm Bureau or adjacent counties making use of this Association, shall be entitled to membership, upon payment by the _____ County Farm Bureau or adjacent counties, to this Association, of a membership fee of one dollar.

Section 2. Any person not a member of the _____ County Farm Bureau, making application for membership in this Association, shall be entitled to membership, upon the payment, annually, to this Association, of a fee equal to that of the _____ County Farm Bureau. One dollar of the initial membership fee shall be credited this Association, and the remainder shall be paid to the _____ County Farm Bureau and the Ohio Farm Bureau Federation, for services rendered this association.

Section 3. Any person not a member in good standing of the _____ County Farm Bureau, or failing to pay the annual membership fee, as provided in Article 4, Section 2, shall permit his membership fee to this Association or the Farm Bureau to be deducted from receipts of his first shipment thereafter.

Section 4. Any person not a member of this association, may market livestock thru the Association by paying the regular service charges, plus _____ cents per hundredweight on all species of livestock, which amount shall be credited to the operating fund of this Association.

Article V

MEETINGS OF MEMBERS

Section 1. The annual meeting of the _____ Livestock Cooperative Association shall be held at its usual place of business, or such place as directed by the Board of Directors, at _____, Ohio, on the _____ in _____ of each year.

Section 2. Special meetings of members may be held at such times and places as the President or a majority of the Board of Directors may order. A special meeting shall be called by the President when 10 percent of the members file a written request with the Board of Directors for such a meeting.

Section 3. Notice of Annual and Special meetings shall be mailed to the address of each member at least ten days prior to such meeting.

Article VI

QUORUM OF MEMBERS

Section 1. Twenty-five members of the Association shall constitute a quorum to transact business.

Article VII

TERRITORY

Section 1. The territory represented by this Association shall consist principally of _____ County and shall be divided into _____ districts. Such districts shall be designated by the names

_____ each district comprising the area adjacent the center from which the district takes its name.

Article VIII

DIRECTORS

Section 1. The number of Directors shall be _____, and their term of office shall be one year, or until their successors are duly elected and qualified.

Section 2. One director shall be elected by ballot by the members in each of the districts set forth in Article 7, Section 1, at least one week prior to the Annual Meeting at meetings to be arranged by the Board of Directors and the

election of the said Directors shall be ratified by the members at the Annual Meeting. In case no such election is held, the members from this district, present at the Annual Meeting, shall elect said director.

Section 3. The Board of Directors may elect from their own number, an Executive Committee of—members, which shall, in the interim between meetings of the Board of Directors, conduct the business of the association, subject to the approval of the Board of Directors.

Section 4. Upon presentation of a petition for removal of a Director from office signed by twenty percent of the members residing in the district from which such Director was elected, the Board of Directors shall at a regular or special meeting of members of said district consider such petition. A majority vote of acting and voting members of that district shall be required for removal of Director from office.

Section 5. A vacancy in the Board of Directors by reason of death, resignation or removal shall be filled at a special meeting, of the members of that district, and such meeting shall be called by the Board of Directors.

Article IX

MEETING OF DIRECTORS AND EXECUTIVE COMMITTEE

Section 1. The Board of Directors shall meet on the— of each month at the usual place of business.

Section 2. Special meetings of the Board of Directors may be held upon call of the President or upon request of two members of the Board.

Section 3. The Executive Committee shall meet on the— of each month, at the usual place of business.

Section 4. Special meetings of the Executive Committee may be held upon the call of the President or upon request of two members of the committee.

Article X

QUORUM OF DIRECTORS AND EXECUTIVE COMMITTEE

Section 1. —members of the Board of Directors present shall constitute a quorum for the transaction of business.

Section 2. —members of the Executive Committee present shall constitute a quorum for the transaction of business.

Article XI

DUTIES OF DIRECTORS

Section 1. No person shall hold office as a Director if he is concerned in or participates in the proceeds of any contract with the Association, other than an ordinary member's contract, or if he carries on a business in competition with the business of this Association.

Section 2. The Board of Directors shall require of every person elected or appointed to an office, having the custody of money or anything of value on account of the Association, a surety bond secured thru the O. F. B. F. A failure to do so shall render the Directors personally liable to the Association for any loss resulting from such neglect.

Section 3. The Board of Directors shall employ the Auditing Department of the Ohio Farm Bureau Federation to make a semi-annual audit of the books of the Association. Reports thereof shall be submitted to the members at the next Annual Meeting.

Section 4. The Board of Directors shall have the power to employ or discharge a manager and also such employees as are necessary to conduct the business of the Association and fix the compensation of each.

Section 5. The members of the Board shall receive a compensation of two (\$2.00) dollars for each regular and not to exceed six special meetings attended, and a mileage fee of ten (10) cents per mile one way for each regular or special meeting.

Section 6. The Board of Directors shall counsel with the manager in the selection of sub-managers.

Section 7. The Board of Directors shall have full jurisdiction in the determination of policies of the Association, and shall direct the activities of the manager.

Section 8. The Board of Directors shall have authority to appraise a retiring member's interest in the Association, and pay for same in cash within a year. They shall also have authority to decide to what extent, if any, new members shall share in previous earnings or assets of the Association.

Article XII

OFFICERS

Section 1. The officers of this Association shall be President, Vice-President, Secretary, and Treasurer.

Section 2. The President and Vice-President shall be elected by the Board of Directors from their own number, for the term of one year or until their successors are duly elected and qualified.

Section 3. The Secretary and Treasurer shall be elected by the Board of Directors but they may be chosen from outside of the Board of Directors and need not be members of the Association. The office of Secretary-Treasurer may be combined.

Article XIII

VOTING BY MAIL

Section 1. Members of this Association shall be accorded the privilege of voting on election of directors, and on policies, in writing, sent to the President or Secretary.

Article XIV

DUTIES OF MANAGER

Section 1. The manager or his representative shall be at the yards on the day of shipment, and shall receive all the stock and weigh, mark, and load the same on the car. He shall at the approval of the Board of Directors, have charge of and direct the sale of all shipments and shall receive all money therefor and pay the same to the shippers, less his commission and all other expenses incurred in operating the business. He shall furnish a statement to every shipper showing the net weight, price received and expenses of the shipment, and to each sub-manager a copy of the prorating sheet of each shipment made by said sub-manager. He shall keep on file a complete statement of such settlement, together with returns on each shipment of livestock for the Association. In files kept for that purpose, he shall keep a record showing the number of cars shipped and the amount and net value of stock in such care during the year. He shall also keep an account of all disbursements and receipts for the Association. At the annual meeting he shall furnish a detailed statement of all business during the year.

*Article XV***COUNTY SERVICE CHARGES**

Section 1. The Board of Directors shall determine the charges to be made by the Association for services rendered its members and others. Such charges shall be designated under the heads;—Managerial, Insurance, Operating and State Association fees. Such charges shall be made and credited to their respective accounts.

Section 2. Any shipper whose stock has been damaged by injury while in the hands of the manager, shall receive the full value for same and shall be subject to the same ratio of expense on the shipment. The amount of damage shall be determined by the manager and payment made by him. No damage shall be paid for an animal which was not in a healthy or proper shipping condition when received at the local yards by the manager.

Section 3. All stock which must be sold subject to inspection, except such as has been injured while in a healthy condition and in charge of the manager, or any diseased animal shall be received at the owner's risk and he shall receive payment therefor as is received by the manager, less all expense, figured pro rata on the shipment.

*Article XVI***STOCK OF NON-MEMBERS**

Section 1. The delivery of livestock by a non-member to the manager and the acceptance thereof by him, binds the shipper to the rules and regulations of the Association. In case the manager fails to collect the service fees, he shall be personally liable for the amount.

*Article XVII***FAILURE TO DELIVER STOCK**

Section 1. In case a farmer orders car space for shipment and fails to deliver his stock, thereby causing loss to other shippers, he shall be assessed to the amount of loss thus incurred. Failure to pay such loss shall debar the transgressor from further use of the Association until such loss assessed has been paid.

*Article XVIII***MEMBERSHIP IN OHIO LIVESTOCK PRODUCERS COOPERATIVE ASSOCIATION**

Section 1. The Directors shall take membership in the Ohio Livestock Cooperative Association.

*Article XIX***AMENDMENTS**

Section 1. This code of regulations may be adopted, repealed or amended by a majority of the members present at any regular meeting, when first approved by two-thirds of the Directors or by assent given thereto by a majority of the members present at a special meeting held for that purpose, notice of which has been given in writing by mail to the address of the members, ten days prior to such meeting.

APPENDIX D

This reorganization will, as indicated above, make possible the producers' contract. Some companies may reorganize as associations, altho they do not feel ready for the contract. Several counties, however, have expressed themselves as wishing to organize on a contract basis, that is, to accept as members only those who contract to sell stock thru the association. Each county association will decide what it wishes to put into its contract, but here too the state association is presenting a form of contract which it recommends to the locals for adoption:

MARKETING AGREEMENT

Member Agrees

(1) Cooperative Livestock Association, a non-profit association organized under the laws of the State of Ohio, hereinafter called the Association, First Party, and the undersigned producer of livestock, hereinafter referred to as the Member, Second Party, agree:

FOR COOPERATIVE MARKETING

(2) The Producer is a member of the Association and is helping to carry out the express aims of the Association for cooperative marketing for minimizing speculation and waste and stabilizing livestock markets in the interest of the producer and the public thru this and similar obligations undertaken by other producers.

LIVESTOCK INCLUDED IN AGREEMENT

(3) The member agrees to market all of the hogs, calves, sheep, and cattle thru the Association except livestock of every character sold by him for feeding, breeding, and dairy purposes.

DELIVERY OF LIVESTOCK

(4) The member shall give notice to the Association, as provided in the by-laws, of the number, kind and approximate weight of animals which he has to market from time to time. He shall deliver all stock when ready for market at such place as may be designated by the Association.

OPERATING COSTS

(5) The Member shall pay to the Association such fees as may from time to time be prescribed by the Directors to cover all costs and expenses incurred by the Association in the handling and marketing of his livestock and to provide the proper reserves.

FURNISH STATISTICAL DATA

(6) The Member shall furnish such statistical data to the Association as may be required from time to time by the Association.

ASSOCIATION TO MARKET IN BEST FORM

(7) The Member agrees that the Association shall have the right to inspect, grade, pool or mingle and market all of his livestock as herein provided, and expressly authorizes the Association to exercise any or all the grading, inspecting, marketing or other powers or rights granted hereunder thru

any central agency to be organized for coordinating the activities of this and similar cooperative marketing associations in this and other states. The Association shall, if possible, enter into any contract for such purpose and may agree to pool the livestock delivered hereunder with livestock of similar kind, grade, and quality delivered to generally similar associations under marketing agreements substantially the same in effect as this agreement and to unite with any such associations in the joint purchase, construction, lease or use of facilities and to assume obligations therefor. Any costs of maintaining such central agency shall be prorated among the said associations on the basis of per hundredweight charge on the livestock marketed by them respectively and shall be considered as part of the costs and deduction provided for in paragraph 5.

FARM BUREAU SERVICE PROVIDED

(8) The Member expressly authorizes the Association acting by and thru the Ohio Livestock Cooperative Association, of which this Association is a member, to enter into contracts with the Ohio Farm Bureau Federation and his County Farm Bureau for services to be performed by them for the Association and its members and agrees that the amount to be paid annually to such State and County Farm Bureaus shall be the amount of any patronage dividend due such member. Provided, however, that if the member of the Association is a paid up member of his State and County Farm Bureaus any annual patronage dividend credited to him shall be paid to him directly; otherwise it shall be paid to the State and County Farm Bureaus, as above provided.

Association Agrees

TO RENDER NECESSARY SERVICE

(1) The Association agrees to provide and maintain proper offices and render all services necessary in receiving, marketing, grading, and preparing the stock for market, as hereinafter provided.

TO MARKET LIVESTOCK

(2) The Association shall market all livestock produced or acquired by the member as herein provided.

THE MEMBER MAY USE ADJOINING ASSOCIATIONS

(3) The Board of Directors may, upon application of the member, authorize him to market any or all of his livestock thru any other adjacent cooperative livestock association as desired by said member.

CONDITIONS FOR EXEMPTION

(4) Upon application made by the Member, the Board of Directors may exempt from delivery to the Association such further livestock as in the judgment of the Board of Directors seems for the best interest of the Association and the Member. On all livestock exempted by the Board of Directors and sold by the Member otherwise than as provided herein, the Member shall within ten (10) days pay to the Association two cents per hundredweight, one-half of which shall be paid by the Association to The Ohio Livestock Cooperative Association affiliated with the Ohio Farm Bureau for services rendered to this Association and the Member. Upon failure of the member to pay any sum due the Association upon such sales, the Association shall have the right to deduct such sum from any moneys then due or that might thereafter become due the member from the Association.

ASSOCIATION MAKES RETURNS

(5) The Association shall make returns to the member of proceeds of all sales within a reasonable time after acceptance of livestock after deducting therefrom all costs and expenses including any expense incurred in connection with any central association of which this Association is a member or thru which it exercises any of the powers granted hereunder and any reserve provided for in the by-laws.

LIVESTOCK INSURED

(6) The Association shall insure all livestock accepted by it for sale which in the judgment of the manager of the Association is delivered and received in a marketable condition. No unhealthy stock shall be received and such animals as show evidence of being overheated, over-fed, or otherwise in bad condition, will be received at the sole risk of the Member. The Association shall reimburse the Member for all losses incurred in shipping upon stock which was received in proper condition and accepted by the Association for marketing.

MEMBERSHIP IN STATE ASSOCIATION

(7) The Association shall take membership in and contract with The Ohio Livestock Cooperative Association for the sale of all livestock handled for the Member.

MARKETING AGREEMENT FOR THREE YEARS

(8) This contract shall be binding and in full force and effect for a term of three (3) years from the date when the Member receives notice that signatures of producers representing forty percent of the livestock produced in the county have been secured upon similar contracts and the Member expressly agrees that the certificate of the Secretary of the Association shall be conclusive that the requisite number of producers in the county have been secured to such similar contracts.

MEMBER CAN STOP PRODUCING

(9) The Member shall have the right to stop producing or raising livestock at any time at his discretion, but if he produces livestock or acquires any interest in livestock as landlord, lessee or tenant during the term thereof, it shall be included under the terms of this agreement and must be sold only by and thru this said Association, except as above provided.

BREAKING CONTRACT IS EXPENSIVE

(10) Inasmuch as the remedy at law will be inadequate and inasmuch as it is now and ever will be impracticable and extremely difficult to determine the actual damage resulting to the Association should the Member fail or refuse to so sell and deliver his livestock to the Association as herein agreed, the Member agrees to pay to the Association for all livestock sold, consigned or marketed or withheld by or for him other than in accordance with the terms hereof the sum of 50 cents per 100 pounds as liquidated damages averaged for all types and grades of livestock for the breach of this contract, which sum shall not be regarded as a penalty.

VIOLATORS PAY COST OF SUIT

(11) The Association shall be deemed to be acting in its own name for all livestock producers in any action or legal proceeding on or arising out of this contract. If the Association brings any action whatever by reason of a breach

or a threatened breach thereof, the Member agrees to pay to the Association all costs of court, costs for bond and otherwise, expenses of traveling and all expenses arising out of or caused by the litigation, expended or incurred by it in such proceedings and all such costs and expenses shall be included in the judgment and shall be entitled to the benefit of any lien securing any judgment hereunder.

CONTRACT COMPLETE AS PRINTED

(12) The parties hereto agree that there are no oral or other conditions, promises, covenants, representations or inducements in addition to or in variance with the terms hereof and that this agreement represents the voluntary and clear understanding of both parties fully and completely.

MINOR MODIFICATIONS ALLOWED

(13) These provisions are subject to minor modification or amendment by the Organization Committee so as to carry out the general purposes hereof.

THE AGREEMENT ONE OF A SERIES SUBSTANTIALLY THE SAME

(14) It is expressly agreed that this instrument is one of a series substantially identical in terms. All such instruments shall be deemed one contract for the purpose of binding the subscribers to the same extent as if all of the subscribers had signed one such contract.

Read, considered and signed at....., this.....
day of....., 1924.

.....
Producer.

P. O. AddressR. D.,
County